



News Release

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Small Businesses Receive Nearly 100,000 SBA-Backed Loans In FY 2005, A Fifth Consecutive Record

\$19 Billion in Financing for Small Businesses

WASHINGTON – Small businesses turned to the U.S. Small Business Administration for commercial financing in record numbers in fiscal year 2005, securing 97,891 loans through its two main small business loan programs, setting a loan volume record for the fifth consecutive year.

The figure is more than double the number of loans made in FY 2000.

“This is fantastic news for small businesses and we’re very pleased with the results our two main loan programs showed in FY 2005,” said SBA Administrator Hector V. Barreto. “This positive growth trend means that the President’s mission of providing an economic environment in which entrepreneurs can succeed is working. It is further evidence that small businesses are continuing to power the economy and create jobs.

“It’s also a positive thing for the taxpayers,” Barreto added. “In FY 2004 it cost \$100 million in government dollars to operate the 7(a) program. In FY 2005, modest fees paid by the lenders and borrowers have allowed us to meet the extraordinary demand for these loans and dollars without taxpayer expense. We’re proud these cost-effective programs have been a win-win for small businesses and the American taxpayer.”

The SBA guaranteed 88,912 loans through its flagship 7(a) program for a total of \$14 billion, a 23 percent increase in the number of loans compared to the previous fiscal year. Small businesses use these loans primarily for working capital.

In the Certified Development Company loan program, also known as the 504 program, 8,979 loans were made for \$4.9 billion. The number of loans is up 16 percent compared to last fiscal year. The loans are used to buy or rehabilitate fixed assets such as land, buildings and machinery and equipment.

Minorities received \$5.8 billion in 7(a) and 504 financing, representing 31 percent of total dollars, an increase of 26 percent over the previous year.

Women received \$3.3 billion in 7(a) and 504 financing, representing 17 percent of total dollars, an increase of 27 percent over the previous year.

Women and minorities also registered double digit increases in the number of loans over the previous fiscal year. Loans to African Americans were up 41 percent. For Hispanics, the increase was 19 percent and for Asians it was 17 percent. Loans to women were up 39 percent over FY 2004.